

Message Text

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PAGE 01 TOKYO 04472 200931Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----059530 200933Z /10
P 200845Z MAR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 6304
INFO AMEMBASSY BRUSSELS
USMISSION GENEVA

C O N F I D E N T I A L TOKYO 04472

EXDIS

USEEC ALSO FOR AMEMBASSY

USMTN ALSO FOR USMISSION

E.O.11652: GDS
TAGS: ETRD, EFIN, JA
SUBJECT: GOJ CONSIDERS FORMS OF EXPORT RESTRAINT

1. SUMMARY: GOJ IS TRYING TO REACH INTERNAL DECISION
ON WHETHER TO INSTITUTE SOME FORM OF EXPORT RESTRAINTS
AND WOULD BENEFIT FROM HAVING PRELIMINARY U.S. REACTION.
EMBASSY HOPES WE CAN RESPOND IN SUPPORTIVE FASHION. END
SUMMARY.

2. MIYAZAWA OF EPA OUTLINED TO EC MINISTER MARCH 18
INTERNAL GOJ DISPUTE OVER PROPOSALS TO RESTRAIN EXPORTS.
HE SAID PRIME MINISTER FAVORED INVOKING TRADE CONTROL
ACT AND HAD ASKED HIM TO APPROACH MITI MINISTER KOMOTO
TO SELL HIM ON THE IDEA. MITI HOWEVER OPPOSES GENERAL
CONCEPT OF RESTRAINTS AND AT THE MOST WOULD BE PREPARED
TO TRY TO ENFORCE SOME "STRONG" ADMINISTRATIVE GUIDANCE.
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MIYAZAWA ASKED E/C MIN WHAT HE THOUGHT U.S. REACTION
TO EITHER ARRANGEMENT MIGHT BE. PRESS REPORTS MARCH 19
THAT GOVERNMENT HAS DENIED PLANS INVOKE CONTROL ACT.

3. E/C MIN RESPONDED THAT HE OBVIOUSLY HAD NO INSTRUCTIONS
BUT THAT HE PERSONALLY SPECULATED THAT U.S. WOULD
SAY THAT IT HAD HOPED TO RESOLVE TRADE AND BALANCE

PROBLEMS NOT THROUGH RESTRAINING EXPORTS BUT THROUGH EXPANDING IMPORTS, BUT THAT IF JAPAN HAD DECIDED ON PURELY VOLUNTARY RESTRAINTS WITHOUT PRESSURE FROM OUTSIDE, U.S. WOULD PROBABLY GREET ACTION AS HELPFUL IN PRESENT WORLD SITUATION. HE ADDED THAT OBVIOUSLY SECTORS OF U.S. ECONOMY WHICH FELT HURT BY JAPANESE EXPORTS WOULD EXPRESS INTEREST IN GETTING PROTECTION FOR THEIR INDUSTRIES AND WOULD WANT TO KNOW ABOUT DETAILS OF ANY RESTRAINTS.

4. WHOLE SUBJECT OF RESTRAINING EXPORTS WILL BE HOTLY DEBATED IN COMING DAYS. MINISTRY OF FINANCE HAS APPARENTLY SAID IT HAS DONE ALL IT CAN TO HALT STRENGTHENING OF YEN AND THAT IT IS NOW UP TO MITI TO PITCH IN TO HELP.

5. RESTRAINTS ARE OBVIOUSLY AMONG THE DEVICES THAT GOJ IS ALMOST DESPERATELY LOOKING AT IN ORDER TO DO SOMETHING TO CURB YEN RISE. THEY WOULD PROBABLY BE OPERATED QUITE FLEXIBLY IN HOPES THAT PSYCHOLOGICAL IMPACT WOULD BE EFFICACIOUS AND THAT IN PRACTICE LITTLE RESTRAINT WOULD BE REQUIRED. PRESENCE OF AUTHORIZATION WOULD HOWEVER STRENGTHEN MITI'S HAND WHERE RESTRAINT IS ALREADY BEING ADVISED, AS IN AUTOS.

6. WE DO NOT HAVE AN INSTANT FEELING FOR WHAT JAPANESE RESTRAINTS WOULD DO FOR MTN SCHEDULE AND SUBSTANCE. PRESUMABLY JAPANESE WOULD BE MORE NOR LESS WILLING TO CONFIDENTIAL

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NEGOTIATE TARIFF CUTS, NTMS, SAFEGUARDS, ETC. WHILE RESTRAINT PROGRAM IS IN PLACE.

7. DENIALS IN MARCH 19 PRESS OF GOVERNMENT PLANS TO IMPOSE RESTRAINTS OR PLACE LEVY ON EXPORTS SHOULD BE TAKEN WITH A GRAIN OF SALT; GOJ WOULD NOT WANT TO START A RUSH OF EXPORTS IN ANTICIPATION OF RESTRAINTS.

8. EMBASSY BELIEVES WE SHOULD MAKE PROMPT RESPONSE SO GOJ WILL BE ABLE TO FACTOR IN OUR REACTION. WE CAN INFORM MIYAZAWA BUT WE WOULD ALSO LET MITI AND MFA KNOW. THE LONGER THE DECISION IS UP IN THE AIR THE MORE PRESSURE THERE WILL BE FROM EXPORTERS TO PUSH OUT SHIPMENTS BEFORE CONTROLS GO INTO FORCE.

9. WE HOPE RESPONSE CAN BE POSITIVE AND SUPPORTIVE. THE JAPANESE ARE TRYING TO FIND SOMETHING TO DO TO STABILIZE THE DOLLAR AND THE YEN. OUR RESPONSE SHOULD BE FRAMED IN THAT CONTEXT. MANSFIELD

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